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SUBJECT: DAILY SUMMARY OF JAPANESE PRESS 03/29/06

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(1) Okinawa problem yet to be dissolved; It's time for premier to break the ice

ASAHI (Page 13) (Full)
March 28, 2006

Hiroshi Hoshi, senior writer

There's an unfamiliar post officially titled "Ambassador Extraordinary and Plenipotentiary for Okinawa" or "Okinawa Ambassador" for short. The post was established in 1997 for the role of bridging the Japanese government and Okinawa over US military base issues. Toshinori Shigeie was appointed to fill the post of Okinawa ambassador this month, becoming the sixth incumbent. Shigeie is now busy making a round of courtesy calls in Okinawa Prefecture. Many of his shipments have yet to arrive in Japan from South Africa, where he was previously posted.

In Okinawa, Shigeie paid courtesy calls on a number of local authorities and business leaders. On such occasions, they would never fail to ask the Japanese government to make efforts in earnest to reduce US military bases. The atmosphere would then tend to become standoffish. But even then, Shigeie could break the ice in a moment. That would be when Shigeie introduced himself by saying, "I was once a secretary to Chief Cabinet Secretary Keizo Obuchi during the Takeshita cabinet." Then, most

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of his meeting counterparts smiled with this reaction: "Oh, Mr. Obuchi? That's good."

Obuchi visited Okinawa when he was a student at Waseda University. Since then, Obuchi long worked for Okinawa's return to Japan and later took part in its economic development. When Obuchi was prime minister, he made up his mind to host the 2000 G-8 summit in Okinawa. Obuchi's popularity stands out in Okinawa probably because the residents of that island prefecture know what he had on his mind.

I had an opportunity to interview Obuchi when he was prime minister.

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I remember him saying things like this: If Okinawa hosts the G-8 summit, its base problems would raise concerns not only in Japan but also in the United States. Okinawa accounts for only 0.6% of Japan but is home to 75% of all US military bases in Japan. There's no end to incidents and accidents involving US military personnel. People would realize that we've got to do something about Okinawa's excessive burden, and there would be a rise of such public opinion in and outside Japan. In response, the United States would reduce its military presence on the island. Japan would take over some base functions at its mainland locations. I'm thinking of asking Okinawa to remain patient for a while. That's the very best way to share the pain among the three parties...

"Japan has enjoyed peace and prosperity under its security arrangements with the United States," Obuchi told me. "We must not force that burden on Okinawa alone," he added. He also said, "We must equalize benefits and burdens not only in the area of social security but also in the area of national security, and that's a political role."

Obuchi later collapsed with a stroke, never to host the Okinawa summit and never to see any base reductions.

And now, Japan and the United States are in the final phase of talks over the realignment of US forces in Japan. The Japanese and US governments are about to push ahead with their planned relocation of Futenma airfield-a symbol of the US military presence in Okinawa-to the island's coastal area in defiance of local outcries. There is also an idea being floated from within the government to make an ad hoc law in order for the government to transfer the governor's land reclamation clearing authority to the state and push for construction work. The government is projecting such a strong attitude in order to press Okinawa to give in.

"If we try to force our way through, we'll only bring about strong backlashes. Prime Minister Obuchi took the time to listen to local voices. But now, things have changed in our way of

getting along with Okinawa." This grumbling came from a government official engaged in Japan-US relations.

In the meantime, the United States has now concurred on relocating some of the Okinawa-based US Marine troops to Guam. The US government estimates the total cost of this Guam relocation at approximately 10 billion dollars or 1.16 trillion yen and asked the Japanese government to pay about 7.5 billion dollars or 870 billion yen.

Should Japan reject any cost-sharing proposal, the Pentagon may substantially downscale the Marine relocation plan. It wouldn't cost so much money to move and base those troops somewhere else in Japan. In that case, however, those troops would not be welcomed anywhere in Japan. Instead, it has become a realistic option for Japan to bargain with the United States for cost sharing... Most of the government and the ruling parties have the same outlook.

This time around, Prime Minister Koizumi—the top leader in charge of Japan's foreign and defense policies—should make the first move to break the ice on Okinawa's problems.

If he did, Japan would tenaciously call on the United States to

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realize Okinawa's actual circumstances. The prime minister would persuade the mainland population to understand that government spending is unavoidable if they cannot take over Okinawa's base-hosting burden. He would ask Okinawa to remain patient for a while. Instead, he would promise to alleviate Okinawa's base-hosting burden in the future. That's the way I would like him to commit himself with his own words to Okinawa's base issues. Actually, however, Koizumi cares little about Okinawa's base issues unlike his initiative to carry out postal privatization, according to one of the ruling Liberal Democratic Party's executive officers.

On May 11, the seventh anniversary of Obuchi's death will be remembered. Time has passed, but the Okinawa problem remains as unresolved as ever.

(2) Focus on whether Mori faction will field single candidate for LDP presidential race;

MAINICHI (Page 1) (Slightly abridged)
March 28, 2006

With the passage of the fiscal 2006 budget (general account of totaling 79.686 trillion yen) on March 27 after the House of Councillors approved it, the Liberal Democratic Party (LDP) will start moving full-scale in preparing for the September party presidential election to determine a successor to Prime Minister Junichiro Koizumi, who is also president of the LDP. The main focus of attention will be on whether the Mori faction will be able to field only one candidate for the presidential race, since it has two possible candidates -- Chief Cabinet Secretary Shinzo Abe and Yasuo Fukuda, a former chief cabinet secretary. Meanwhile, Foreign Minister Taro Aso and Finance Minister Sadakazu Tanigaki will move fast, too, in their preparations to enter the party leadership race.

Largest faction is quaking

A reporter at a press conference on March 27 asked Abe his impression of having secured the highest support rate in an opinion poll deeming him the most suitable person to succeed Koizumi as the next prime minister. Abe only responded, "As a politician, I feel very honored."

A senior Mori faction member, however, advised Abe to refrain from playing up his political identity in order to avoid objections from veteran lawmakers who do not want to see a generational change now. However, many young LDP lawmakers are calling for Abe to become the next prime minister.

If Abe runs in the presidential election backed by junior and mid-level lawmakers, veteran lawmakers would field Fukuda in the race. Faction head Mori is strongly concerned that such moves would likely lead to a factional split and a generational clash. Mori is even looking into the possibility of changing the name of the faction to the Fukuda faction should Abe be chosen as a candidate in a bid to avoid a generational clash that would split the faction, according to a senior faction member. There is concern that if Koizumi nominates his successor, the faction's response would fall behind the curve.

There is in fact a move to tighten the noose around Abe with an eye on his candidacy. Former LDP Vice President Taku Yamasaki and

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former Secretary General Koichi Kato have expressed sympathy for Fukuda. "Both Mr. Makoto Koga and Mr. Bunmei Ibuki would support Mr. Fukuda," said a senior Mori faction member.

Income disparity and Asia

There is a sharp contrast between Abe and Fukuda in the approach to Asia diplomacy. Abe takes a hard-line policy toward China, supporting Koizumi's visits to Yasukuni Shrine. Fukuda, however, stresses the need for changing Koizumi's policy line toward China, noting Japan's responsibility for the past war.

Aso and Tanigaki plan to release their campaign pledges in May and June separately. All the more because the two are far behind Abe and Fukuda in the polls, they are now being forced to display their own political identities. Tanigaki is not trying to draw a line with Koizumi, placing emphasis on the need for fiscal reconstruction and halting the widening social disparity. Aso is playing up his capabilities to the public by stating that the Emperor should visit Yasukuni Shrine and by calling Taiwan a country.

Prime Minister Koizumi stated in a press conference on March 27 that he wanted his successor to push ahead with the reform drive by following the path created by the Koizumi cabinet. He added, "I hope that a person who armed with a sense of mission, insight, and passion will become my replacement."

(3) Former Prime Minister Mori remains silent as to whether he supports Abe or Fukuda, concerned about bringing out the jealousy of other factions

TOKYO SHIMBUN (Page 2) (Abridged slightly)
March 29, 2006

All eyes are now being focused on moves of former Prime Minister Yoshiro Mori, who heads the largest faction in the Liberal Democratic Party (LDP), to which potential successors to Prime Minister Junichiro Koizumi -- incumbent Chief Cabinet Secretary Shinzo Abe and former Chief Cabinet Secretary Yasuo Fukuda -- belong. Mori has forbid his faction members from mentioning the post-Koizumi candidate matter. He has remained cautious about his remarks even in Moscow, where he is now visiting. What is the real reason for his attitude?

Mori told reporters accompanying him to Moscow on March 28, "Our group (Mori faction) should not take any action since neither Mr. Abe nor Mr. Fukuda have said that they will run (in the LDP presidential race)." In his remarks, Mori called on his faction members for restraint.

Mori has urged faction members to be cautious in their remarks. He especially demanded that aides to Abe, who is regarded as most likely successor to Koizumi, abstain from hasty action. He has reiterated that Abe should wait for the next chance, skipping the September leadership race. He assumes that if Abe becomes prime minister, his term in office will be short since the LDP may face an uphill battle in next summer's House of Councillors election.

Mori is, however, worried that if Abe obtains the LDP's top post, factional balance might be undermined. If junior members support

Abe, mid-level and veteran lawmakers would be unhappy. In order to avoid such a situation, Mori cautioned young lawmakers about

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calls for Abe to become the next prime minister.

Mori told Fukuda that business leaders pinned their hopes on him, implying his support for Fukuda. This is Mori's hidden motive of wanting to keep factional balance by giving support to Fukuda. This does not mean that he actually supports Fukuda.

Mori revealed yesterday another reason for his cautious remarks about the presidential race, saying, "I do not know whether other factions agree to an idea that the next government will again be led by a member of our faction, following me and Mr. Koizumi." He is concerned that if the next prime minister is chosen from his faction, such will create jealousy among the other factions.

Of course, Koizumi's successor will not be decided by Mori's view alone. However, Mori's remark is important since LDP Upper House Chairman Mikio Aoki said, "If Prime Minister Junichiro Koizumi and Mr. Mori talk about the issue, they will set the direction."

(4) Polarizing Japan (Part 1): People unable to feel the economic recovery

ASAHI (Page 1) (Abridged)
March 29, 2006

In the March 24 Upper House Budget Committee session, Prime Minister Junichiro Koizumi said proudly, "There may be all sorts of strains in it, but our society has never been this prosperous." Koizumi was responding to a Minshuto (Democratic Party of Japan) lawmaker, who asked on behalf of those people who think that income and regional economic disparities are growing, "Is that what you wanted for Japan?"

The ongoing economic expansion that started in February 2002 will be the longest in the postwar period if it surpasses the economic bubble (Dec. 1986 - Feb. 1991) this May and the Izanagi boom (Nov. 1965 - July 1970) in November. Koizumi's confidence comes from an envisaged declaration that Japan has overcome deflation.

In late January, Koizumi said, "Growing social disparity has not been confirmed." Hearing this, ruling party executives ridiculed Koizumi for his ignorance of the nation's concern.

Putting forward his logic that the strong would be able to protect the weak, the prime minister has eased labor regulations and put the scalpel to skyrocketing social security spending, all in the name of the Koizumi reform drive. In the prime minister's defense, Internal Affairs and Communications Minister Heizo Takenaka and LDP Policy Research Council Chairman Hidenao Nakagawa kept making supportive comments, such as, "Economic development is the best medicine for correcting social disparity," and, "The results of reforms will bring about economic growth."

Encouraged by their assistance, Koizumi declared before the Lower House Budget Committee in late February: "Japan is potentially capable of achieving far greater than today's economic growth, which is still low. We will continue with reforms."

Less fulltime jobs, no savings

Will the majority of the people be able to actually feel affluence if the ongoing economic recovery continues and fear

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about the growing disparity subsides as a result? A comparison of various data warrants no optimism.

Corporate profits, mostly those of large firms, have set new records, while disposable household incomes have decreased. The

number of salaried workers making over 20 million yen annually increased 18,000 between 2000 and 2004, according to the National Tax Agency. At the same time, the number of people earning less than 3 million yen also increased 1.6 million during that period. During the economic recovery, industries cut back on fulltime workers and increased low paying part-time jobs. Although the unemployment rate has dropped, the overall job market has become unstable.

Disparity in savings also increased. According to Internal Affairs and Communications Ministry statistics, the average household savings was 16.92 million yen in 2004, and two-thirds of all the households were below average. Another poll showed a sharp increase in the rate of those who said they had no savings. The number of households on welfare also topped 1 million.

Regional disparities are also noticeable. Shortly after the establishment of the Koizumi administration, Sapporo's average household income marked 95 against the base 100 for Tokyo. Sapporo's figure dropped to 83. The difference had shrunk during the Izanagi boom and slightly expanded during the economic bubble. The job-offers-to-seekers ratio also dramatically improved in Tokyo from 0.68 to 1.58 during the four-year period in contrast to Hokkaido's slight improvement from 0.47 to 0.66.

Also noteworthy is the seriousness of such problems as the high unemployment rate for young people, NEET (young people not in education, employment or training), and job-hopping part-time workers. Koizumi, who had indicated that disparity was not bad in itself, has recognized the need to take countermeasures. The government has been playing up its efforts for resolving such problems.

Fear of repeating US trend that took toll on young people

Resolving those problems will not be easy.

Less than 60% of the college graduates have found fulltime employment since 2000. A 36-year-old male Yokohama call center operator making 1,200 yen an hour described his male part-time worker-dominated workplace as a "dead end." A 30-year-old man of Tokyo, a son of a board member of a large corporate group, also noted, "I may be able to find employment at a company, but it is smaller and more unstable than my father's corporation."

Koizumi has urged society to give people a second chance. But the above-mentioned person said, "Once a person leaves the mainstream, it is extremely difficult to get back on track."

Nakagawa, a dedicated Koizumi supporter, is calling for a rising-tide economic policy, which is intended to pour personnel, money, and commodities into growing fields on an extension of structural reform in order to overcome deflation aimed at a high growth rate.

In the 1960s, US President John F. Kennedy said, "A rising tide lifts all boats." But in 1997 at the height of the US economy under President Clinton, the Council of Economic Advisers

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produced an annual report, which concluded:

"Income disparity shrank during the ten years each before and after the Kennedy administration. But the trend has changed drastically since the late 1970s, and the social divide expanded regardless of economic conditions."

The report also pointed out the difficulty to turn around the ongoing trend.

How will the Koizumi administration respond to such an alarm? Nihon University Prof. Yoji Inaba, who is knowledgeable about the US economy's job recovery, is paying attention to some similarities between the US of the 1990s, which took a toll on young people, and today's Japan. He said apprehensively, "If this situation persists, Japan would repeat the US trend."

(5) Editorial: Integrated command of SDF - Reform needed to break sectionalism

MAINICHI (Page 5) (Full)
March 29, 2006

The Self-Defense Forces (SDF) came under the joint operation system of integrating the chain of command starting on March 27. With the introduction of this system, the previous Joint Staff Council was scrapped and replaced by the Joint Staff Office (JSO), an organization that plays a leading part in mobilizing SDF troops.

This is the first drastic reorganization of the SDF since they were established in 1954.

The integrated operations are intended for the SDF to engage in operations swiftly and effectively in the event of emergencies, for instance, terrorism, contingencies and large-scale disasters. In the past, the chiefs of each branch of the SDF - Ground, Air, and Maritime Self-Defense Forces - assisted the Defense Agency director-general separately and issued orders to their respective troops. Under the integrated operations, the chain of command is put in the hand of the chief of JSO. The first chief of JSO, Gen. Hajime Massaki, bears grave responsibility in this sense.

The three chiefs of staff are no longer involved in troop operations but instead are responsible for such matters as personnel matters, budget, education, and training.

Affected by the extensive changes of the international situation, the duties and missions of the SDF have also changed significantly. The National Defense Program Guideline stresses the need for missile defense (MD) programs and defense of remote islands.

The efficacy of the MD system is determined by a quick action. This system requires the MSDF's Aegis ships and the ASDF's intelligence system to be linked to each other so that they can deal well with contingencies.

If a remote island of Japan were to be occupied by, for example, terrorists, troops from the three forces must team up under a landing operation; otherwise Japan could not recover the island.

The transition to the integrated operations is the need of the times, as evidenced by the military movements of other nations,

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including the United States.

Joint operations and joint disaster prevention drills have been already carried out. For instance, in order to deal with the aftermath of the Sumatra Earthquake and Indian Ocean Tsunami, Japan dispatched a joint unit to the quake-hit area, envisaging the planned transition to the joint operation system.

However, the three organizations of the SDF have their respective traditions and cultures. They use different computer software and radio frequency. The terminologies they use are also different. The SDF therefore have three hurdles to clear for the transmission of important intelligence.

The GSDF, MSDF, and ASDF, in view of their good and bad points, are described below: good preparations and institutional sclerosis for the GSDF; traditionalist and self-centeredness for the MSDF; and fortitude and inconsistency for the ASDF. This may be the result that each organization has fostered its own culture.

The just established JSO is a motley collection of 500 personnel from the three forces. If they stick to the usual sense of sectionalism, it would be difficult to attain the goal of effective operations. Sour relations between the three forces and the JSO must not be created. Uniformed officials and administrative officials (in the Defense Agency (JDA)) need to

build a good relationship.

In the process of promoting the most drastic reorganization ever since the foundation of the SDF, the JDA saw a succession of scandals occur, for instance, the Defense Facilities Administration Agency (DFAA) officials-led bid-rigging cases and the MSDF officials-caused leakage of secrets via the Internet.

The introduction of the joint operation system may be viewed as an opportunity to reform the structure of the SDF. Given this, it is also necessary to reform the SDF, reflecting on those scandals. We hope to see the SDF, taking advantage of this opportunity, grapple with various reforms, let alone tackle the job of changing their troops' previous mentality.

Japan appears to be aiming at boosting its military functions, but doing so requires politicians to assume a much heavier responsibility. We again want to emphasize the importance of civilian control in this transition.

(6) Prime Minister's schedule, March 28

NIHON KEIZAI (Page 2) (Full)
March 29, 2006

09:01Cabinet meeting in the Diet building. Chief Cabinet Secretary Abe remained.

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09:42Arrived at the Prime Minister's Official Residence.
10:05Met with Deputy Chief Cabinet Secretary Nagase and Assistant Deputy Chief Cabinet Secretary Saka. Then met with Ambassador to South Korea Oshima.
11:02Met with Mongolian Prime Minister Enkhbold. Then attended signing ceremony for yen loans extension.
13:56Met with the Kuwaiti ambassador to Japan.
14:30Met with Ambassador to China Miyamoto, followed by Chairman Hieda of the National Association of Commercial Broadcasters in

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Japan.

15:23Met with State Minister in charge of Administrative Reform Chuma and Administrative Reform Promotion Office executive director Matsuda.
16:05Met with Vice Foreign Minister Yachi, followed by the former Sudanese ambassador to Japan.
17:24Met with State Minister for Financial Affairs Yosano, followed by Environment Minister Koike.
18:29Met with Deputy Chief Cabinet Secretary Futahashi.
19:03 Dined at Imperial Hotel with Defense Agency Director General Nukaga, LDP Security Research Commission Chairman Yamasaki and Administrative Vice Minister Moriya.
20:39Arrived at the official residence.

(7) (Corrected copy) Household assets decrease 11% over five years, according to survey by Internal Affairs Ministry

YOMIURI (Page 2) (Full)
March 28, 2006

The Internal Affairs and Communications Ministry yesterday released the results of the fact-finding survey on national consumption the ministry conducts every five years. The total amount of assets held by one household as of the end of November 2004 was 39 million yen on average, down 11.1% from the previous survey (1999). The decline in land prices has brought down residential land equity, which accounts for 56% of all household assets, by 18.6% and home equity by 2.3%. Financial assets grew 6.1% due to increased savings reflecting the recent economic recovery.

Classifying all households into 10 groups according to annual income, the ministry found that the average amount of all assets held by those in the highest-income group, with an average annual income of 16.68 million yen, was 81.61 million yen. Families in the lowest-income group, with an average annual income

of 2.12 million yen, possessed 24.34 million yen in assets on average, making a 3.4 fold differential in assets between the groups. The asset differential between the rich and the poor was 5 fold in 1989, when the survey was started. The gap was 3.4 fold in 1994, and 3.1 fold in 1999, showing a tendency to narrow, but it widened in the latest survey for the first time.

SCHIEFFER